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# **The Section 8 Housing Voucher Program: Reform Proposals in the 108<sup>th</sup> and 109<sup>th</sup> Congresses**

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## Summary

The Bush Administration has proposed eliminating the Section 8 Housing Choice Voucher program and replacing it with a new program in each of the past several years. While the specifics have changed, each proposal would significantly alter key features of the current program, including its administration, funding distribution, tenant contributions toward rent, initial and ongoing eligibility of families, and the eligible uses of program funds.

The first proposal was referenced in the President's FY2004 budget request and was later introduced in the 108<sup>th</sup> Congress (H.R. 1841/S. 947). Called the Housing Assistance for Needy Families Act of 2003, it would have created a new block grant administered by states—rather than the local public housing authorities (PHAs) that administer the current program—and eliminated many of the current rules governing the program. Hearings were held on the legislation, although no further action was taken.

Language to enact the second proposal, called the Flexible Voucher Program (FVP), was included in the Administrative Provisions section of the President's FY2005 budget request. Under the FVP, PHAs would have retained administration of the new grant program, although most of the federal Section 8 voucher rules and regulations would have been eliminated. The Appropriations Committees did not include the language in their versions, nor the final version, of the FY2005 HUD budget, and authorizing legislation was not introduced before the close of the 108<sup>th</sup> Congress.

The President's FY2006 budget request again called for enactment of a Flexible Voucher Program. During the first session of the 109<sup>th</sup> Congress, a modified version of the FVP was included as Title I of the State and Local Housing Flexibility Act of 2005 (H.R. 1999/S. 771). The President's FY2007 budget request reiterated the Administration's support for the bill. The House Financial Services Committee held hearings on the bill, although no further action was taken before the close of the 109<sup>th</sup> Congress.

In the second session of the 109<sup>th</sup> Congress, the House Financial Services Committee approved a bipartisan Section 8 voucher reform bill, the Section 8 Voucher Reform Act of 2006 (H.R. 5443). While notably narrower in scope than the President's reform proposals, it would have represented the first major reform of the program since the Quality Housing and Work Opportunity Reconciliation Act of 1998 (P.L. 105-276). It was not enacted before the close of the 109<sup>th</sup> Congress.

This report includes a table comparing the key features of the reform proposals from the 109<sup>th</sup> Congress. It will not be updated.

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## Current Program Features

The Section 8 Housing Choice Voucher program has come under increasing criticism from the Administration and Congress for its cost and its complexity. Recent changes in the way the program is funded have largely addressed concerns at the federal level about “spiraling costs”; however, the new funding structure has not reduced budget pressures for the local public housing authorities (PHAs) that administer the program.<sup>1</sup> Noting these concerns, the Administration has argued in each of the past several years that the existing Section 8 voucher program should be dismantled and replaced with a new, broader-purpose grant program. Thus far, low-income housing advocates and PHA groups have generally opposed the Administration’s reform initiatives, although both have begun to call for some type of reform to lessen the administrative burdens on PHAs and to help them better administer their voucher programs in a budget-constrained environment. The Administration’s reform proposals have changed over the years, and they have differed substantially from the reform proposals supported by PHA groups and low-income housing advocates. Despite their differences, each proposal would alter several key features of the current program, which are discussed below.

### Administration

The current Section 8 Housing Choice Voucher program, and its approximately 2 million vouchers, are administered by more than 2,500 local PHAs across the country. PHAs vary greatly both in their size and their capacity. Some administer as few as 10 vouchers, while one PHA, the New York City Housing Authority, administers almost 90,000. Half of all PHAs administer 250 or fewer vouchers.<sup>2</sup> Some PHAs have a full-time director and a large staff; others have one person serving part-time as director and staff.

This heterogeneity has been criticized by some researchers, housing advocates, and the Administration. They argue that housing markets are regional, and thus that housing programs should be administered on a regional level. They point out that most other social service programs serving the low-income population—such as Temporary Assistance for Needy Families, Child Care Assistance, and Food Stamps—are administered at the state level. If the voucher program were administered at the state level, they contend, it might be easier to coordinate it with other services.

The organizations representing PHAs have disagreed, arguing in favor of the current locally driven and focused system. PHAs have important local connections with entities ranging from landlords to local zoning boards, connections that states, they contend, would not have.<sup>3</sup> Furthermore, they have expertise in administering federal housing assistance for the poor both through the voucher program and the federal public housing program.

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<sup>1</sup> For more information, see CRS Report RL33929, *Recent Changes to the Section 8 Voucher Renewal Funding Formula*, by Maggie McCarty.

<sup>2</sup> Written Testimony, Michael Liu, Assistant Secretary for Public and Indian Housing, Department of Housing and Urban Development, hearing before the Housing and Community Opportunity Subcommittee of the House Financial Services Committee, May 22, 2003.

<sup>3</sup> National Association of Housing and Redevelopment Officials (NAHRO), NAHRO Direct News: Section 8, May 29, 2003, attachment C.

## Eligible Uses of Funds

Today's voucher program provides a defined subsidy, called a voucher, that a family can use to help pay its housing costs in the private market. That voucher pays roughly the difference between rent and the tenant's contribution.<sup>4</sup> In some cases, families can use their vouchers to help pay for a mortgage, but only if their local PHA chooses to run a homeownership voucher program. The bulk of PHA funding, which comes from HUD, is used to renew vouchers. No funds have been provided for new vouchers since 2002.<sup>5</sup> PHAs earn administrative fees, which they can use for other purposes, such as providing supportive services, downpayment or security deposit assistance, or housing search assistance. This system is governed by hundreds of pages of regulations and guidance that make the program, some argue, overly prescriptive and difficult to administer. The Administration and PHAs agree that the current structure limits the ability to undertake innovative initiatives.

Reflecting this concern, the Bush administration has proposed redefining the concept of a voucher by instead providing funds that could be used for rental assistance, homeownership assistance, and supportive services, as defined by the grantee. A "voucher" would no longer have uniform meaning, and PHAs could provide more or less generous assistance to families at their discretion, outside of most current federal rules (i.e., quality standards, portability, income targeting, income-based rent, etc.). Such a reform would be consistent with the 1996 welfare reform law that abolished the Aid to Families with Dependent Children (AFDC) program and replaced it with a broader-purpose Temporary Assistance for Needy Families (TANF) block grant.

Critics of this type of administrative flexibility at the PHA level contend that many of the current rules governing the voucher program are designed to protect voucher recipients. They worry that the needs of low-income families could go unmet if federal rules are abandoned, especially if funding is constrained and PHAs are forced to make difficult tradeoffs. Some further contend that without strong oversight, broad block grants could be open to waste, fraud and abuse.

## Tenant Rents

Under the current rules of the voucher program, families are required to pay roughly 30% of their adjusted incomes toward rent.<sup>6</sup> It is generally accepted that housing is affordable for low-income families if it costs no more than 30% of their adjusted gross income, on the assumption that low-income families need the full remaining 70% to meet their other needs. However, this figure is somewhat arbitrary. For some families with little work, transportation, medical, child care, or other outside costs, 40% or even 50% of income might be a reasonable contribution toward housing costs. In fact, the current voucher program allows families to choose to pay up to 40% of their incomes toward housing costs initially, and even greater amounts upon renewal of a lease.

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<sup>4</sup> The actual calculation of the value of a voucher is more complicated than presented here. See later discussions under the headings "Tenant Rents" and "Calculation of Income."

<sup>5</sup> While no new vouchers (often referred to as incremental vouchers) have been funded since 2002, Congress has funded new tenant protection vouchers every year. Tenant protection vouchers are provided to families that had been receiving other forms of housing assistance, but are losing that assistance through no fault of their own (such as when public housing is demolished or when the long-term contract on a project-based Section 8 property is expiring). While the addition of new tenant protection vouchers does increase the number of families receiving vouchers, it does not necessarily increase the number of families receiving housing assistance, since the families that receive them had been previously assisted through another program.

<sup>6</sup> The formula is actually more complicated. Families must pay the higher of 30% of adjusted income, 10% of gross income, the amount of welfare benefits designated for housing costs, or PHA minimum rents (which can be no higher than \$50 a month).

For other families, with high expenses for work, transportation, medical, child care, or other outside costs, some percentage lower than 30% might be the most reasonable contribution.

Critics of the current rent calculation, including the Bush Administration and some PHA groups, have argued that PHAs should have the flexibility to modify the existing income-based rent system or adopt new systems partially or fully decoupled from income, such as flat or tiered rents. Under flat rents, families pay a PHA-determined, fixed below-market rent, based on unit size, regardless of their incomes. As incomes change, rent would stay the same. Current law permits PHAs to set flat rents for public housing. Families are permitted to choose to pay flat rents, but must be permitted to switch back to income-based rents. Under tiered rents, PHAs set different flat rents for broad tiers of income. Families pay the rent charged for their income tier, and only fluctuations in income that move them from one tier to another would change their rent. Unless flat or tiered rents were set low, the change would generally result in shallower subsidies paid to families. Shallower subsidies would allow PHAs either to save money or serve more people with the same amount of money, depending on the authority provided by HUD and Congress.

Another argument in favor of moving from an income-based rent to a flat rent concerns administrative ease. The current complicated rent calculation, paired with the difficulty of verifying the incomes of tenants, has led to high levels of error in the subsidy calculation. According to a HUD 2001 Quality Control study, 60% of all rent and subsidy calculations contained some type of error. HUD has estimated an annual \$2 billion in subsidy over- and under-payments in the Section 8 voucher program. These errors have led the Government Accountability Office (GAO) to designate the Section 8 program a “high risk” program, meaning that it is particularly susceptible to waste, fraud, and abuse. Beginning with the FY2003 Consolidated Appropriations Act (P.L. 108-7), HUD was given access to the National Directory of New Hires, a database that may allow PHAs to better verify income data. There has been some improvement. A 2003 Quality Control study released in 2004 found a 37% reduction in erroneous payments from 2001, although 40% of subsidies were still erroneously calculated. Adopting flat or tiered rents could substantially reduce—if not eliminate—errors in rent calculations.

Another argument in favor of a flat rent structure involves the work disincentives inherent in the current calculation. Since rent goes up as income goes up, families have a disincentive to increase earnings and/or an incentive to hide income. Families, therefore, face an effective 30% tax on any increase in earnings. To get around this problem in the Public Housing program, Congress has instituted a mandatory income disregard; however, no such mandatory disregard exists in the voucher program, except in the case of certain disabled recipients.<sup>7</sup> If PHAs choose to disregard increased earnings, they must pay the difference out of their own budgets or face sanctions from HUD for not accurately calculating subsidies. Under flat or tiered rents, families can generally increase their earnings without facing changes in their rents.

Low-income housing advocates generally support income-based rents over flat rents. Flat rents are not as responsive to changes in family income as income-based rents, and their adoption could result in some families paying much more toward rent than is generally considered affordable (30% of income).

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<sup>7</sup> For more information, see the National Housing Law Project’s Earned Income Disregard Packet for Public Housing Voucher Program and Other HUD Programs, available at [http://www.nhlp.org/html/pubhsg/eid\\_packet.htm](http://www.nhlp.org/html/pubhsg/eid_packet.htm).

## Calculation of Income

Under the current voucher program, rent is based on a family's annual adjusted income. The current system for calculating income has been criticized as cumbersome and prone to errors.

Annual income, for the purpose of rent determination, is all amounts that are anticipated to be received by all members of a household during the subsequent 12 months, with some exclusions (such as foster care payments).<sup>8</sup> Anticipating low-income families' future incomes can be very difficult, as their employment is often variable. The composition of a family may also be variable, with members joining or leaving the household over the course of a year. Further, PHAs are expected to verify families' incomes using third-party sources, which can be a time-consuming process.<sup>9</sup> Once the total amount of income has been determined, the family may qualify to have certain amounts deducted from total income, such as \$480 per dependent, \$400 for elderly and disabled households, and reasonable child care expenses, disability expenses, and certain medical expenses of the elderly or disabled.<sup>10</sup>

The complexity of the income determination system is a major factor behind the high rates of error in rent determination. Many of the current requirements are regulatory, rather than statutory, and PHA groups have called on HUD to simplify the process. HUD has stated that it is looking at ways to improve the income calculation process,<sup>11</sup> although no major administrative changes have been made.

## Eligibility

The current voucher program sets initial eligibility for assistance at the very low-income level (50% or below of area median income (AMI)), with a requirement that 75% of all vouchers be targeted to extremely low-income families (30%, or below AMI).<sup>12</sup> The Administration has advocated raising eligibility levels and loosening targeting requirements. They argue that both penalize working families by limiting their eligibility for assistance. Further, serving higher income families could result either in cost savings or the ability to serve more families with the same amount of money. Low-income housing advocates generally support retaining current income eligibility and targeting requirements. They argue that the lowest-income households face the heaviest rent burdens and are the most in need of assistance.

## Work Requirements and Time Limits

The voucher program does not currently have time limits or work requirements. Families that receive voucher assistance can retain that assistance until either they choose to leave the program; they are forced to leave the program (due to non-compliance with program rules or insufficient funding); or their income rises to the point that 30% of their income equals their housing costs, at which point their subsidy is zero. The Public Housing program does have a mandatory eight-hour work or community service requirement for non-elderly, non-disabled

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<sup>8</sup> Summarized from 24 CFR 5.609.

<sup>9</sup> See 24 CFR 982.516 (a).

<sup>10</sup> See 24 CFR 5.611 for a list of deductions.

<sup>11</sup> See Government Accountability Office (GAO), *Progress and Challenges in Measuring and Reducing Improper Rent Subsidies*, GAO-05-224, Chapter 5.

<sup>12</sup> For example, 50% of AMI in Missoula, MT was \$24,050, and 30% was \$14,450 in 2005. Fifty percent of AMI in San Francisco, CA was \$50,900, and 30% was \$30,550 in 2005.



tenants; however, most public housing residents are exempted, and it is unclear how thoroughly the provision has been implemented.<sup>13</sup>

Some have advocated setting time limits for receipt of voucher assistance and making work a requirement for ongoing eligibility. They argue that under the current system, families have no incentive to increase their incomes or work efforts and leave the program. This concern is exacerbated by the fact that many communities have long waiting lists for assistance, and since new vouchers have not been funded for several years, turnover in the current program is the only way to bring in new families.

Adopting a work requirement in the voucher program may help encourage non-elderly, non-disabled households that are not currently working to go to work, although it may not increase their incomes. Research based on the 1996 welfare reform changes (P.L. 104-193) indicates that for many poor families, increases in work do not necessarily translate into greater total income, and most households need work supports (such as child care and transportation assistance) in order to make them successful in becoming financially self-sufficient.<sup>14</sup> Such supportive services are not currently part of the voucher program, and would require additional funding.

Furthermore, there is evidence that families with children, those most likely to be affected by work requirements and time limits, leave the program relatively quickly. According to HUD research from 2003, the median length of stay for families with children is two and a half years.<sup>15</sup> Further, it is unclear how low-income families would meet their housing costs after leaving the program if their incomes had not risen significantly. HUD conducted research looking at families with children who left the voucher program over a five-year period, and found that less than 1% of them had incomes sufficient to afford an apartment at the fair market rent in their community.<sup>16</sup>

Another option would give incentives to families to increase their work efforts and therefore their incomes. Non-elderly, non-disabled families could be encouraged to find and increase work through expansions in the Family Self-Sufficiency program, which provides work supports and deposits tenant rent increases resulting from work into escrow accounts on their behalf. Low-income housing advocates generally support expanding the FSS program, which encourages work and increases in earnings. However, expanding FSS would not result in cost savings, since as families' incomes rise, their rent increases are deposited in an escrow account.

## Funding Allocation

Prior to FY2003, HUD reimbursed PHAs for the actual cost of their vouchers. The cost of a voucher is equal to roughly the difference between the rent (capped by a maximum set by the PHA and called the payment standard) and the tenant's contribution toward the rent (30% of the tenant's income). PHAs' costs fluctuate as tenants' incomes and market rents increased or decreased, and each year, HUD would ask Congress for funding sufficient to cover what HUD anticipated it would take to fund PHAs' costs.

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<sup>13</sup> For more information on the community service/work requirement in public housing, see CRS Report RS21591, *Community Service Requirement for Residents of Public Housing*, by Maggie McCarty.

<sup>14</sup> See CRS Report RL30797, *Trends in Welfare, Work, and the Economic Well-Being of Female-Headed Families with Children: 1987-2007*, by Thomas Gabe.

<sup>15</sup> Jeffery Lubell, et al. Work Participation and Length of Stay in HUD-Assisted Housing, U.S. Department of Housing and Urban Development, Office of Policy Development and Research, *Cityscape: A Journal of Policy Development and Research*, Volume 6, Number 2, 2003.

<sup>16</sup> Department of Housing and Urban Development, *Performance and Accountability Report, FY2004*, p.2-65.



Due partly to changes in the rental market and partly to changes in the rules of the voucher program (such as increases in the payment standard), PHAs' actual costs began rising rapidly in 2002 and 2003.<sup>17</sup> This raised concerns for both the Administration and Congress. Partly in response to these cost increases, the Administration proposed potentially cost-saving changes in both the way that PHAs received funds and in the underlying factors that led to the cost growth, including the amount tenants were asked to contribute toward rent and the maximum payment standard as a part of each of their reform proposals.

Congress reacted by changing only the way that PHAs receive their funding. Rather than being reimbursed for their actual costs, PHAs in recent years have received a budget based on what they received in the previous year.<sup>18</sup> This new funding formula has led to problems for many PHAs, whose actual costs are still driven by the difference between rents and incomes in their communities while their funding is capped. As a result, some PHA groups have called for either a change back to an actual cost funding formula or changes to the structure of the voucher program that would allow them to better control their costs.

## Reform Proposals

Every year since 2003, the President has proposed eliminating the Section 8 voucher program and replacing it with a new initiative. Bills to enact the President's reform have been introduced in Congress, although no further action has been taken. In 2006, a bipartisan voucher reform bill, which would have modified the voucher program but largely retained its current structure, was approved by the House Financial Services Committee, but no further action was taken before the close of the 109<sup>th</sup> Congress. Proposals from the 108<sup>th</sup> and 109<sup>th</sup> Congresses are discussed briefly below; a comparison of bills from the 109<sup>th</sup> Congress to current law can be found in **Table 1**.

### Proposals from the 108<sup>th</sup> Congress

#### Housing Assistance for Needy Families (HANF)

The 2003 HANF program (H.R. 1841 and S. 947, 108<sup>th</sup> Congress) was a Bush Administration initiative that would have replaced the existing tenant-based voucher program that is administered by local PHAs with a formula grant to states. Rather than receiving funding for a fixed number of units, states would have received a fixed budget, proportional to the amount of funds the state was receiving under the Housing Choice Voucher program. States would have had broad discretion in how they used their funds, including for homeownership purposes. The Secretary of HUD would have been permitted to lower the 75% targeting requirement to 55%, impose minimum rents, increase eligibility to 80% of area median income, and reduce the frequency of housing quality inspections from annually to every three years.

Low-income housing advocates opposed HANF out of concern that it could lead to an erosion of funding and that it would not serve low-income families adequately. PHA groups opposed the proposal to transfer administration to states and also voiced concerns about erosion in funding levels. Although multiple hearings were held, no further action was taken, and HANF was not enacted in the 108<sup>th</sup> Congress.

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<sup>17</sup> See Government Accountability Office, *Policy Decisions and Market Factors Explain Changes in the Costs of the Section 8 Programs*, April 2006.

<sup>18</sup> See CRS Report RS22376, *Changes to Section 8 Housing Voucher Renewal Funding, FY2003-FY2006*, by Maggie McCarty.

## **The FY2005 Flexible Voucher Program**

The President's Flexible Voucher Program (FVP), was first recommended in the second session of the 108<sup>th</sup> Congress in the Administrative Provisions section of the FY2005 HUD budget request. The HUD Secretary testified that the Department did not plan to pursue authorizing legislation. Rather, officials stated during a hearing before the VA, HUD and Independent Agencies Appropriations Subcommittee on March 4, 2004, that they appreciated the leadership of the Appropriations Committees and were asking them to include the provision in the FY2005 appropriations bill.

The proposal, like HANF, would have replaced the voucher program with a broader-purpose grant program. Unlike HANF, PHAs would be asked to administer the FVP. They would have received a fixed number of dollars that they could have used to serve as many families as they chose, providing a broad range of assistance ranging from cash grants to ongoing rental assistance. Adoption of FVP would have eliminated caps on how much families could be required to contribute towards rent, increased income eligibility to 80% or below of AMI, and eliminated any targeting requirements.

The House Financial Services Committee, in their Views and Estimates of the President's FY2005 Budget, was critical of the President's FVP proposal. The Chairman of the Senate VA, HUD and Independent Agencies Appropriations Subcommittee stated in a hearing on April 1, 2004, that the Flexible Voucher proposal was "a poor substitute for flaws in the program" and that the Committee would not have the "luxury of time to consider fully" the proposal.<sup>19</sup> The FVP was not enacted before the end of the 108<sup>th</sup> Congress.

## **Proposals from the 109<sup>th</sup> Congress**

### **The State and Local Housing Flexibility Act of 2005**

The Administration's State and Local Housing Flexibility Act of 2005 (SLHFA) was introduced in the first session of the 109<sup>th</sup> Congress by Senator Allard on April 13, 2005, and by Representative Gary Miller on April 28, 2005, as S. 771 and H.R. 1999, respectively. The bill consisted of three titles. Title I, The Flexible Voucher Act, is discussed further below. Title II, Public Housing Rent Flexibility and Simplification, would have permitted PHAs to alter income and rent calculations for public housing in the same ways as under Title I. Title III, the Moving To Work Program, would have made the current Moving to Work demonstration a permanent program with expanded eligibility for PHAs, and expanded waiver authority for the Secretary of HUD.

Title I of SLHFA was similar to the Flexible Voucher Program proposed by the Administration as part of the FY2005 budget request. It would have replaced the current voucher program with a broader-purpose grant program. PHAs would have continued to administer the program, although if they were not meeting the Secretary's performance standards, their funds could be awarded to other entities selected by the Secretary.

Under the bill, Flexible Voucher Program funds could be used for six eligible activities: tenant-based rental assistance; project-based rental assistance; tenant-based homeownership assistance for first-time homebuyers; self-sufficiency activities, including escrow savings accounts; other activities, as specified by the Secretary, in support of tenant-based, project-based, or homeownership assistance; and administrative costs. Income eligibility, targeting, subsidy

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<sup>19</sup> Statement of Senator Kit Bond, VA- HUD Appropriations Subcommittee FY2005 Budget Hearing, April 1 2004.

determination, and quality inspection rules would all have been loosened, while portability and enhanced voucher features would have been restricted. The changes in the bill would have been phased in. The Secretary was directed to develop temporary implementing regulations within 90 days of passage, and final regulations, not including funding formulas, within 18 months. The Secretary was also directed to undertake negotiated rulemaking to develop grant and administrative fee allocation formulas, to be published within 24 months.

Hearings were held on the SLHFA in the House on May 11, 2005; hearings were not held in the Senate. The President's FY2007 budget request, introduced on February 6, 2006, reiterated HUD's support for the bill. No further action was taken on SLHFA before the close of the 109<sup>th</sup> Congress.

### **The Section 8 Voucher Reform Act of 2006**

On May 22, 2006, the Chairman of the Housing and Community Opportunity Subcommittee of the House Financial Services Committee introduced the Section 8 Voucher Reform Act of 2006 (H.R. 5443), a bipartisan Section 8 reform bill cosponsored by the subcommittee's ranking member. It was approved by the subcommittee on June 8, 2006, and by the full committee on June 14, 2006, although no further action was taken before the close of the 109<sup>th</sup> Congress.

Unlike the Bush Administration proposals, which sought to eliminate the voucher program and replace it with a new program, H.R. 5443 would have retained the basic structure of the current voucher program while implementing changes primarily designed to make the program easier to administer. Specifically, the bill proposed to

- modify the current definition of income to exclude imputed income from assets;
- eliminate or replace many of the deductions and allowances from income;
- provide PHAs with several methods for calculating income;
- change the targeting threshold to the greater of 30% of AMI or the poverty level;
- eliminate the gross income calculation for rent;
- modify income reexamination requirements; and
- modify the process and timing for conducting housing inspections.

Several of these administrative changes would also have affected the public housing and project-based Section 8 programs.

H.R. 5443 would have adopted a new renewal funding formula, authorized the use of vouchers to provide downpayment assistance, required the Secretary to develop performance standards, and expanded and made permanent the Moving to Work demonstration. Amendments added during full committee consideration would have authorized a Manufactured Housing pilot, altered the treatment of certain military pay for purposes of several housing programs, and increased the rent levels for certain project-based vouchers in low-income housing tax credit properties.

H.R. 5443 received endorsements from PHA groups and low-income housing advocates. As noted earlier, the bill was not enacted before the close of the 109<sup>th</sup> Congress.

**Table 1. Key Features of Recent Reform Proposals Compared to Current Law**

<b>Feature</b>	<b>Housing Choice Voucher Program Current Law (United States Housing Act of 1937)</b>	<b>Section 8 Voucher Reform Act of 2006 (H.R. 5443, 109<sup>th</sup> Congress)</b>	<b>The State and Local Housing Flexibility Act of 2005 (H.R. 1999/S. 771, 109<sup>th</sup> Congress)</b>
<b>Section 8 Housing Choice Voucher Program</b>			
<b>Administering Body</b>	The majority of voucher programs are administered by local, quasi-governmental public housing authorities (PHAs), although state housing agencies often serve as PHAs. Where no PHA has been organized or where the Secretary determines that the PHA is unwilling or unable to implement a program or is not performing effectively, the Secretary or another public or private nonprofit organization can serve as a PHA. (42 USC 1437a(b)(6))	No change from current law.	PHAs would be permitted to administer the Flexible Voucher Program (FVP). If a PHA were not organized or the Secretary determined the PHA was not capable of effectively administering the assistance, the Secretary could choose “any other entity” to administer the grant. It does not limit other entities to public or private nonprofits. (Sec. 103(14))
<b>Type of Assistance</b>	The Secretary may provide assistance to PHAs to provide tenant-based assistance to low-income families. The PHA is to use a payment standard to determine the amount of assistance provided to a family. (42 USC 1437f(o)(1)) The rental assistance—or housing assistance payment (HAP)—covers monthly rental subsidies and utility costs. The assistance may also be used to provide project-based assistance and homeownership assistance. (42 USC 1437f(o)(13) and (y))	No change (see Downpayment Assistance).	The Secretary would be permitted to provide grants to PHAs to provide tenant-based rental assistance, project-based rental assistance, tenant-based homeownership assistance, and related assistance, including self-sufficiency programs. (Sec. 104 and 108)
<b>Project-based vouchers</b>	PHAs may attach up to 20% of their <i>vouchers</i> to existing housing units. No more than 25% of units in a building may have project-based vouchers attached to them. Families living in units with project-based vouchers are permitted to move after one year. (42 USC 1437f(o)(13))	Same, except would permit a higher maximum rent for project-based vouchers in Low-Income Housing Tax Credit Units. (Sec. 13)	PHAs would be permitted to use up to 20% of their <i>funds</i> to provide project-based assistance. No more than 25% of units in a building could have project-based vouchers attached to them. Families would be permitted to move after one year, <i>subject to sufficient funding</i> . (Sec. 108(b))

<b>Feature</b>	<b>Housing Choice Voucher Program Current Law (United States Housing Act of 1937)</b>	<b>Section 8 Voucher Reform Act of 2006 (H.R. 5443, 109<sup>th</sup> Congress)</b>	<b>The State and Local Housing Flexibility Act of 2005 (H.R. 1999/S. 771, 109<sup>th</sup> Congress)</b>
<b>Downpayment assistance for first-time homebuyers</b>	A PHA may, in lieu of providing monthly assistance payments, provide a downpayment grant for an eligible first time homebuyer less than or equal to the sum of the monthly assistance payments the family would have received for a year. The availability of downpayment assistance is subject to direct appropriations, and since direct appropriations have never been provided for this purpose, downpayment assistance has never been provided in the voucher program. (42 USC 1437f(y))	Downpayment assistance would be authorized, not subject to direct appropriations, for eligible families who had been receiving assistance for at least 12 months. Downpayment assistance would be provided as one-time-only grants, capped at \$10,000, to be used by families as a contribution toward downpayment and reasonable closing costs. (Sec. 8)	Same as H.R. 5443 (Sec. 108(c))
<b>Eligibility (Also applies to Public Housing (PH) and Project-based Section 8 Rental Assistance (PBRA))</b>	Generally, families are initially eligible if they are low income (80% or below of area median income (AMI)) and are either very low-income, (at or below 50% of AMI), were previously receiving assistance, or meet other criteria established by the Secretary. (42 USC 1437a(a) and 42 USC 1437f(o)(4))	The bill would not change income eligibility, although it would change the definition of income, which would affect eligibility (see “Income” below). It also sets an asset test such that assistance could not be provided to families whose net family assets exceeded \$100,000 or who had present ownership interest in real property suitable for occupation and in which the family had the right to reside. (Sec. 4(a))	Families would be initially eligible if they were low-income, did not have significant interest in real property or have assets exceeding a limit set by the Secretary. (Sec. 107(a) and 202(b))
<b>Income Review and Continuing Eligibility (PH and PBRA)</b>	The PHA must review family income upon selection for assistance and annually thereafter. If a family’s income rises above the low-income level, they may continue to receive assistance. (42 USC 1437a(a)(1)) If a family experiences a change in income, they may request a mid-year reexamination.	Income would be reviewed initially and reexamined annually thereafter, except: -families could request reexamination earlier if their income drops by \$1,500; -income must be reexamined at any point that income rises more than \$1,500 (increases in earned income are not counted for this purpose unless the family’s income had been reexamined because of a drop in income); -families on fixed incomes would be permitted to self-certify their income each year for up to three years. (Sec. 3(a)) Upon income re-examination, if family income were to have risen above the low-income level, the family would no longer be eligible for assistance. (Sec. 4(a))	Income would be reexamined every other year and every three years for elderly or disabled households. Upon income re-examination, if family income were to have risen above the low-income level, the family would no longer be eligible for assistance. (Sec. 107 and 202(b))
<b>Definition of Income (PH and PBRA)</b>	The term income means income from all sources from each member of the household, as determined in accordance with criteria	The bill would strike the definition and replace it with a definition that includes income from all sources, including recurring gifts and receipts, actual income from	The term gross income would be defined as income from all sources for each family member of a household without

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	prescribed by the Secretary. The definition of income adopted in regulation includes imputed returns on assets and excludes income in excess of \$480 for full-time students (including head of household and spouse). (42 USC 1437a (b))	assets, and profit or loss from business. It excludes imputed returns on assets, all earned income from dependent full-time students, other mandatory federal exclusions, and other exclusions set by the Secretary. (Sec. 3(b))	deductions or exclusions, notwithstanding any other provision of law. (Sec. 103(8) and 202(b))
<b>Deductions from Income (PH and PBRA)</b>	<ul style="list-style-type: none"> <li>- \$400 for elderly or disabled families,</li> <li>- certain unreimbursed medical expenses above 3% of a family's income,</li> <li>- reasonable child care expenses that allow for a family member to be employed or further his or her education,</li> <li>- \$480 for each member of the household who is under 18, a full-time student, or over 18 and disabled,</li> <li>- child support, up to \$480 per child (subject to appropriations),</li> <li>- spousal support (subject to appropriations),</li> <li>- earned income of minors,</li> <li>- earned income for certain Section 8 residents (subject to appropriations),</li> <li>- other permissible exclusions as determined by the PHA. (42 USC 1437a(b))</li> </ul>	<p>Would replace current deductions with:</p> <ul style="list-style-type: none"> <li>- \$750 for each elderly or disabled family</li> <li>- \$500 for each minor dependent</li> <li>- Certain unreimbursed medical expenses greater than 10% of income for elderly and disabled families</li> </ul> <p>Deduction amounts are to be adjusted annually by an inflation factor set by the Secretary and rounded down to the nearest multiple of \$25. (Sec. 3(b))</p>	No deductions established.
<b>Income Calculation (PH and PBRA)</b>	Not specified in statute, but in regulation, HUD has established a system for calculating income that attempts to predict income in the coming 12 months and requires third-party verification.	PHAs would be permitted to use prior year's income (if it had been determined by the PHA) to determine next year's income. Earned income would be calculated as the previous year's earned income, minus 10% (only when calculating rent). If prior year's fixed income were used, the PHA would be required to apply inflationary adjustments, as determined by the Secretary. PHAs could make other adjustments as appropriate to reflect current income. PHAs can use income calculations used in other programs (such as TANF, Medicaid, Food Stamps). (Sec. 3(a))	Not specified.
<b>Targeting</b>	Of families initially provided assistance in any fiscal year, PHAs must target 75% of all	Of families initially provided assistance in any fiscal year, PHAs would be required to target 75% of vouchers to	Of families selected for assistance during a one-year period, PHAs would be required

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	vouchers to those at or below 30% of area median income (AMI). (42 USC 1437f(o)(4) and 1437n(b))	those at or below the higher of 30% of AMI or the poverty line. (Sec. 5)	to target 90% of all assistance to families at or below 60% of AMI. (Sec. 107(c))
<b>Subsidy Levels and Rents</b>	Benefits are statutorily set as rental subsidies equal to the difference between the lesser of rent or the payment standard (set by the PHA at between 90%-110% of the fair market rent (FMR)) and the tenant's contribution (see below). (42 USC 1437f(o)(1)(B)) Rents charged for assisted units must be reasonable compared to comparable dwelling units in the private market. (42 USC 1437f(o)(10)(A))	No change.	PHAs would be permitted to establish their own methodology for setting reasonable and appropriate subsidy levels and would not be required to use FMR. However, they would be required to set a maximum subsidy level. (Sec. 109) If the PHA provided downpayment assistance, the maximum grant would be \$10,000. (Sec. 108(c)) Rents charged for assisted units would be required to be reasonable compared to modest, non-luxury unassisted units in the local market and reasonableness would be required to be assessed annually. (Sec. 109 )
<b>Tenant Contribution (PH and PBRA)</b>	Tenant contributions are statutorily set as the greater of 30% of a family's adjusted gross income, 10% of a family's gross income, welfare rent (the amount of a welfare benefit designated for housing costs) or the minimum rent (set by the PHA, not to exceed \$50, with a hardship exemption). Families cannot be required to contribute more than 30% of their adjusted incomes, although they can choose to contribute up to 40% in the first year and higher thereafter. (42 USC 1437a(1) and 1437f(o)(2))	Same as current law, except the 10% of gross income contribution would be eliminated. (Sec. 3(c)) (Only for voucher program)	PHAs could establish rents based on a percentage of income, flat rents, tiered rents, or some combination of the three models, at their discretion. There would be no cap on tenant contributions. PHAs would be required to set minimum rents. (Sec. 109 and 202(b))
<b>Termination, Time Limits, and Work Requirements</b>	Current law does not include any time limits or work requirements. Families can continue to receive assistance (even if their incomes increase above 80% of AMI) as long as they remain compliant with program rules. Once their incomes increase to the point that their tenant contribution is equal to the rent, their subsidy is zero.	Same as current law, although families whose gross incomes increased above 80% of AMI would lose eligibility for assistance. (Sec. 4(b))	PHAs would be able to set standards for continued eligibility, including time limits and work requirements. Beginning in January 2008, PHAs would be permitted to establish time limits of no less than five years (term limits would not apply to elderly and disabled families). Families whose gross incomes increased above 80%



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<b>Enhanced Vouchers</b>	Families receive enhanced vouchers when they are displaced from other rental assistance programs (when project-based Section 8 contracts for private units end). Enhanced vouchers are administered by the local PHA. The payment standard for an enhanced voucher is equal to the rent for the unit (even if it is greater than the PHA's payment standard), allowing a family that would otherwise be displaced to remain in that unit. The "enhanced" feature of the voucher remains for as long as the family lives in the unit. (42 USC 1437f(t))	No change.	of AMI would lose eligibility for assistance. (Sec. 107(d))  Enhanced vouchers would be administered under current rules for one year. After one year, enhanced vouchers would be administered under the local FVP rules. (Sec. 115)
<b>Inspection of Units</b>	PHAs must inspect units to ensure that they meet federal housing quality standards prior to occupancy and at least annually thereafter. PHAs can choose to use local, state, or federal housing quality standards (HQS), as long as state or local standards are as strict or stricter than federal standards. (42 USC 1437f(o)(8))	The requirement that PHAs inspect the units prior to initial occupancy would be waived if the unit was previously occupied by a family with a voucher and the unit had passed inspection within the prior year or if the unit had otherwise passed inspection in the prior year under any federal, state, or local program, and the PHA certifies that the standards used meet or exceed HQS. If a unit fails inspection for non-life threatening reasons, the PHA can make payments for up to 30 days while the unit is repaired. Thereafter, units are to be inspected biennially and a PHA must inspect up to 50% of units each year. (Sec. 2)	PHAs would be required to inspect units within 60 days of the first payment made to the owner and again at least once every four years thereafter to ensure that they meet federal housing quality standards or other standards approved by the Secretary. PHAs would be required to inspect at least one-quarter of units each year. (Sec. 112)
<b>Portability</b>	Families receiving voucher assistance, after one year, can move to any jurisdiction in the country where a voucher program is being administered. (42 USC 1437f (o)(5))	No change.	PHAs would be permitted to enter into agreements with other PHAs in the same state or region to facilitate the ability of families who have been receiving assistance for at least one year to move to another jurisdiction within the state or region. Families would only be able to move across jurisdictions with preexisting agreements. If the PHA wishes to establish a region with more than one state, it would be required to first notify HUD. (Sec. 113)

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<b>Transition/ Grandfathering (PH and PBRA)</b>	Not applicable.	Not applicable.	Families receiving homeownership assistance or project-based voucher assistance on the day before enactment would continue to receive assistance under current law for the length of their contracts. (Sec. 104) Elderly and disabled households receiving assistance on the day before enactment would continue to be treated under current law until January 2009. Elderly and disabled households receiving assistance after the date of enactment would also be treated under current law until January 2009, unless their PHA had devised a plan for meeting the needs of the elderly and disabled prior to a January 2009 deadline for developing such a plan. (Sec. 105)
<b>Funding Authorization and Allocation</b>	<p>Funding for voucher renewals is permanently authorized, subject to appropriations. Under current law, subject to appropriations and beginning in FY1999, the Secretary is directed to renew all expiring voucher contracts by applying an inflation factor to an allocation baseline, adjusted for new authorized vouchers (including tenant-protection vouchers). The baseline was set at a level sufficient to continue assistance for the actual number of families assisted as of October 1, 1997. (42 USC 1437f(dd))</p> <p>Beginning in FY2003, the appropriations law began to include instructions on how the Secretary was to distribute funds. In FY2004, PHAs were funded based on the number of vouchers they actually used as of their end of the year statement (with adjustments made for changes) and the cost of those vouchers (based on their end of the year statement, not adjusted for changes). In FY2005, PHAs were funded based on their actual costs and number</p>	<p>The bill would replace the existing renewal formula and authorize such sums as necessary to renew voucher contracts and provide tenant protection and enhanced vouchers through FY2011.</p> <p>Renewal funding would be allocated based on leasing and cost data from the previous year, plus an annual adjustment factor with adjustments for the first-time renewal of tenant-protection and enhanced vouchers and with other adjustments as necessary. Moving to Work (MTW) agencies would be funded pursuant to their agreements.</p> <p>Leasing and cost data would be calculated no less than biennially by using the average for the most recent calendar year for which data are substantially verifiable and complete (including vouchers set-aside for project-based assistance).</p> <p>If funding were insufficient to fully fund all PHA budgets, then the Secretary would apply a pro-rata reduction to each agency's budget (not applicable to funding for enhanced/tenant protection funds). On May 1 of each year, HUD would be required to recapture any amount</p>	The Secretary would be required to establish a formula, through negotiated rulemaking with stakeholders, within 24 months for allocating funds to PHAs. In the interim, PHAs would receive a proportionate share of funding based on their prior year's funding level. (Sec. 110)

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	<p>of vouchers in use over a three-month period in FY2004, pro-rated to fit within the amount appropriated. In FY2006, PHAs received a pro-rata share of the amount appropriated, based on what they received in FY2005.</p> <p>Prior to FY2005, agencies were provided a 12-month program reserve. In FY2005, appropriations law reduced agency reserves to one week. In FY2006, agencies are guaranteed no minimum reserve.</p>	<p>over 1/12 of the amount allocated to the agency for the first year, leaving agencies with a one-month program reserve. Of those recaptured funds, the Secretary would first set aside amounts to reimburse agencies for increased portability and Family Self Sufficiency costs and reallocate the rest to agencies spending 99% of their funding but leased below their authorized level, although the Secretary could prioritize PHAs that leased less vouchers in the preceding year than in the 12-month period ending on April 1, 2004. Reallocated amounts could be used to increase leasing rates up to the authorized level.</p> <p>At the last three months of each calendar year, the Secretary could advance up to 2% of an agency's allocation to the agency to be used for additional voucher costs (including temporary over-leasing), at the agency's request. PHAs would be required to repay HUD through a reduction in their subsequent allocation. (Sec. 7)</p>	
<b>Administrative Fees</b>	<p>Prior to FY2004, administrative fees were paid to PHAs on a per unit basis calculated roughly as a percentage of FMR. In recent years, under appropriations law, PHAs have received the same proportion of total funds that they had received in the previous year. In FY2006, the amount available for administrative fees was equivalent to just under 9% of the amount provided for vouchers. (42 USC 1437f(q))</p>	<p>No change.</p>	<p>HUD would be required to develop a final formula for allocating administrative fees within 24 months via negotiated rulemaking. In the interim, PHAs would receive a pro-rata share of the amount available for administrative fees, based on what they received in the previous year, although the Secretary would have the authority to retain up to 5% to provide special fees for non-routine expenses. (Sec. 117)</p>
<b>Grantee Performance</b>	<p>PHAs are evaluated annually through the Section 8 Management Assessment Protocol (SEMAP), which is a set of 14 criteria established by HUD via regulation, which primarily focus on agency compliance with program rules and regulations rather than program goals or outcomes. Its 14 indicators include:</p>	<p>The Secretary would be required to establish performance standards and a performance assessment system.</p> <p>Agencies would be assessed on their performance regarding:</p> <ul style="list-style-type: none"> <li>-quality of the dwelling units obtained using assistance;</li> <li>-extent of utilization of assistance amount provided to the agency;</li> </ul>	<p>The Secretary would be required to establish performance standards and a performance assessment system. PHAs would be required to make annual reports to the Secretary and those annual reports would be required to be made publicly available on the Internet.</p>

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	<ul style="list-style-type: none"> <li>-Proper selection of applicants from the housing choice voucher waiting list,</li> <li>-Sound determination of reasonable rent for each unit leased,</li> <li>-Establishment of payment standards within the required range of the HUD fair market rent,</li> <li>-Accurate verification of family income,</li> <li>-Timely annual reexaminations of family income,</li> <li>-Correct calculation of the tenant share of the rent and the housing assistance payment,</li> <li>-Maintenance of a current schedule of allowances for tenant utility costs,</li> <li>-Ensure units comply with the housing quality standards before families enter into leases and PHAs enter into housing assistance contracts,</li> <li>-Timely annual housing quality inspections,</li> <li>-Performance of quality control inspections to ensure housing quality,</li> <li>-Ensure that landlords and tenants promptly correct housing quality deficiencies,</li> <li>-Ensure that all available housing choice vouchers are used,</li> <li>-Expand housing choice outside areas of poverty or minority concentration,</li> <li>-Enroll families in the family self-sufficiency (FSS) program as required and help FSS families achieve increases in employment income.</li> </ul> <p>If PHAs fail SEMAP, they can be deemed “troubled.” Troubled agencies must agree to an onsite assessment and a plan designed to bring them into compliance. If the PHA is unwilling or unable to abide by its plan to move to compliance, the Secretary can:</p> <ul style="list-style-type: none"> <li>-contract with another PHA or private manager to administer the program;</li> </ul>	<ul style="list-style-type: none"> <li>-financial condition of the agency;</li> <li>-timeliness and accuracy of reporting by the agency to the Secretary;</li> <li>-other areas the Secretary deems appropriate.</li> </ul> <p>Using these standards and procedures, the Secretary would be required to conduct an assessment of the performance of each agency and submit a report to Congress regarding the result of each assessment. (Sec. 10)</p>	<p>If a PHA received a failing score, the Secretary would determine how best to administer the grant, including:</p> <ul style="list-style-type: none"> <li>-turning over administration of the grant to another PHA or other entity;</li> <li>-appointing a receiver; or</li> <li>-setting a deadline for the PHA to improve.</li> </ul> <p>(Sec. 106)</p>

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	-appoint a receiver; -take over the administration of the program; or -other actions the Secretary deems appropriate.		
<b>Deconcentration requirement (Public Housing only)</b>	PHAs are prohibited from concentrating very low-income families in public housing units in certain public housing projects or certain buildings within projects. The Secretary must review PHA compliance and PHAs must submit an admissions policy designed to provide for deconcentration of poverty and income mixing.	No change.	Eliminates current provision.
<b>Moving to Work</b>			
<b>Purposes</b>	The purpose of the program is to provide PHAs and the Secretary the flexibility to design and test various approaches for providing and administering housing assistance that: -reduce cost and achieve greater cost effectiveness in federal expenditures; -give incentives to families with children where the head of the household is working, seeking work, or preparing for work; and -increase housing choices for low-income families. (42 USC 1437 Note)	The purposes of the program would be to: -give incentives to families to become self-sufficient; -give PHAs and the Secretary the flexibility to develop approaches for providing and administering housing assistance that achieves greater cost-effectiveness of federal expenditures; -increase housing opportunities for low-income families; -reduce administrative burdens on PHAs; and -allow federal resources to be more effectively utilized at the local level. (Sec. 6)	Same as H.R. 5443. (Sec. 302)
<b>Authority</b>	Authorizes the Secretary to conduct an MTW demonstration. The Secretary is permitted to select up to 30 agencies for participation. (42 USC 1437 Note)	Would direct the Secretary to establish a Moving to Work program in which PHAs meeting the eligibility criteria can participate. Would limit participation to no more than 40 agencies. (Sec. 6)	Would direct the Secretary to establish a Moving to Work program in which PHAs meeting the eligibility criteria can participate. No limit would be set on the number of agencies that can participate. (Sec. 302)

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<b>Use of Assistance</b>	<p>Participating PHAs may combine Public Housing operating funds, Public Housing capital funds, and Section 8 voucher funds to provide housing assistance for low-income families and services to facilitate the transition to work on such terms and conditions as set by the PHA and approved by the Secretary. (42 USC 1437f Note)</p> <p>PHAs must continue to assist substantially the same total number of eligible low-income families and maintain a comparable mix of families (by family size) as would have been served if the assistance had not been combined under the demonstration. (42 USC 1437f Note)</p>	<p>No change. (Sec. 6)</p> <p>PHAs would be required to continue to assist substantially the same total number of eligible low-income families as if funds had not been combined under the program. (Sec. 6)</p>	<p>No change. (Sec. 302)</p> <p>There would be no requirement that PHAs continue to serve the same number of families. (Sec. 302)</p>

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<b>Waiver Authority</b>	The Secretary may waive provisions of the U.S. Housing Act of 1937, although Section 18 (demolition and disposition requirements) and Section 12 (Davis Bacon and community service requirements) cannot be waived. (42 USC 1437 Note)	The Secretary would be permitted to waive any portion of the act with respect to assistance under MTW, except Section 18. The Secretary would also be permitted to provide streamlined procedures (including procurement procedures) and provide for immediate implementation of such procedures. (Sec. 6)	Same as H.R. 5443. (Sec. 302)



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<b>Application, Selection Criteria, and Eligibility</b>	<p>In selecting applicants, the Secretary must take into account:</p> <ul style="list-style-type: none"> <li>-the potential of the agency to plan and carry out a program under the demonstration;</li> <li>-the relative performance of the agency on the Public Housing Assessment System; and</li> <li>-other appropriate factors set by the Secretary.</li> </ul> <p>Agencies' applications must:</p> <ul style="list-style-type: none"> <li>-request the authority to combine public housing and Section 8 voucher funds;</li> <li>-be submitted after public hearings and citizen participation; and</li> <li>-include a plan, developed by the agency with public and resident comments, that includes criteria for: <ul style="list-style-type: none"> <li>—families to be assisted, 75% of whom must be very low-income;</li> <li>—reasonable rent policies designed to encourage employment and self sufficiency;</li> <li>—continuing to assist substantially the same number of people;</li> <li>—maintaining a comparable mix of families (by family size); and</li> <li>—assuring housing meets quality standards.</li> </ul> </li> </ul> <p>PHA applications may also request technical assistance from HUD to assist with design of the demonstration and participation in a detailed evaluation. From FY1996-FY1998, the Secretary was authorized to use up to \$5 million for technical assistance to PHAs and to conduct detailed evaluations. (42 USC 1437 Note)</p>	<p>Agencies may submit applications to the Secretary, in such a form prescribed by the Secretary, if they are eligible.</p> <p>In order to be eligible, agencies would have to:</p> <ul style="list-style-type: none"> <li>-be high performing agencies under applicable rating systems; and</li> <li>-manage at least 500 units of public housing or manage at least 500 vouchers.</li> </ul> <p>In selecting agencies, the Secretary must consider the extent to which PHAs meet criteria set by the Secretary, including:</p> <ul style="list-style-type: none"> <li>-demonstrated capacity to develop and manage a successful program;</li> <li>-demonstrated compliance with statutes and regulation applicable to HUD programs in which the agency participates or has participated;</li> <li>-commitment of nonfederal resources (including in the local community); and</li> <li>-demonstrated commitment by local government to removing regulatory barriers to affordable housing. (Sec. 6)</li> </ul>	<p>Agencies may submit applications to the Secretary, in such a form prescribed by the Secretary, if they are eligible.</p> <p>In order to be eligible, agencies would be required to:</p> <ul style="list-style-type: none"> <li>-participate in the MTW demonstration at the time of application;</li> <li>-be designated a high performing agency with respect to the public housing and voucher programs;</li> <li>-manage at least 500 units of public housing;</li> <li>-administer at least 500 vouchers; or</li> <li>-meet other criteria as set by the Secretary, including: <ul style="list-style-type: none"> <li>—demonstrated capacity to develop and manage a successful program;</li> <li>—demonstrated compliance with statutes and regulation applicable to HUD programs in which the agency participates or has participated;</li> <li>—commitment of nonfederal resources (including in the local community); and</li> <li>—demonstrated commitment by local government to removing regulatory barriers to affordable housing. (Sec. 302)</li> </ul> </li> </ul>
<b>Term of participation</b>	No term specified in law; in practice, generally 5- to 7-year contracts, with extensions. (42 USC 1437f Note)	PHAs would be permitted to participate for a three year term. Upon expiration, the agency could reapply for an additional three year period, as long as the agency had	No term specified.

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		not failed to comply with performance standards. (Sec. 6)	
<b>Program requirements</b>	<p>-75% of families assisted must be very low income;</p> <p>-PHAs must establish reasonable rent policies designed to encourage employment and self sufficiency;</p> <p>-PHAs must continue to assist substantially the same number of people;</p> <p>-PHAs must maintain a comparable mix of families (by family size); and</p> <p>-PHAs must assure housing meets quality standards. (42 USC 1437f Note).</p>	<p>As a condition of participation, PHAs would be required to:</p> <ul style="list-style-type: none"> <li>-consult with their communities;</li> <li>-target no less than 90% of assistance to families with gross income at or below 60% of median income;</li> <li>-establish reasonable rent policies designed to encourage employment and self sufficiency;</li> <li>-provide assurance that housing meets HQS; and</li> <li>-provide other information as required by the Secretary. (Sec. 6)</li> </ul>	Same as H.R. 5443. (Sec. 302)
<b>Evaluation, Assessment, and Performance Standards</b>	<p>The Secretary is to provide training and technical assistance during the demonstration and conduct detailed evaluations of up to 15 agencies to identify replicable program models promoting the purpose of the demonstration. In making assessments, the Secretary must consult with representatives of PHAs and residents. (42 USC 1437f Note)</p>	<p>Until January 1, 2008, the Secretary would be permitted to use current public housing and voucher assessment systems. Otherwise, agencies would be evaluated under a system designed by the Secretary.</p> <p>The Secretary would be required to issue a proposed and final rule to implement performance standards for MTW agencies (the final rule must be issued within 24 months of enactment). They may include:</p> <ul style="list-style-type: none"> <li>-A <i>baseline performance level</i>; and</li> <li>-Standards for               <ul style="list-style-type: none"> <li>—moving assisted low-income families to economic self sufficiency,</li> <li>—reducing per family costs of providing housing assistance,</li> <li>—expanding housing choice for low-income families,</li> <li>—improving program management, and</li> <li>—increasing the number of homeownership opportunities for low-income families; and</li> </ul> </li> <li>-other performance goals set by the Secretary. (Sec. 6)</li> </ul>	Same as H.R. 5443, except H.R. 1999 does not include language permitting the Secretary to include a baseline performance level among the performance standards set for MTW agencies. (Sec. 302)

Feature	Housing Choice Voucher Program Current Law (United States Housing Act of 1937)	Section 8 Voucher Reform Act of 2006 (H.R. 5443, 109 <sup>th</sup> Congress)	The State and Local Housing Flexibility Act of 2005 (H.R. 1999/S. 771, 109 <sup>th</sup> Congress)
<b>Record Keeping and Reports</b>	<p>Agencies must keep records as required by the Secretary. Agencies must supply reports and in a form and time set by the Secretary which:</p> <ul style="list-style-type: none"> <li>-document use of funds,</li> <li>-provide data requested by the Secretary for assessing the demonstration, and</li> <li>-describe and analyze the effect of activities in meeting objectives.</li> </ul> <p>The Secretary and the Government Accountability Office (GAO) must have full access to all pertinent documents.</p> <p>The Secretary has no later than 180 days after the third year of the demonstration to submit to Congress a report evaluating programs carried out under the demonstration, including findings and recommendations for applicable legislative changes. (42 USC 1437f Note) (Report submitted in 2004)</p>	<p>Agencies would be required to keep records as required by the Secretary, submit reports in such a time and form as required by the Secretary and submit annually such information to the Secretary as needed to evaluate the program. The Secretary and GAO must have full access to all pertinent documents.</p> <p>The Secretary would be required to submit annual evaluations of PHAs to Congress, including finding and recommendations for appropriate legislative action. GAO would also be required to submit a report to Congress within 12 months on the extent to which participating agencies are meeting the goals and purposes of the program. (Sec. 6)</p>	<p>Agencies would be required to keep records as required by the Secretary and submit reports in such a time and form as required by the Secretary. The Secretary and GAO must have full access to all pertinent documents. (Sec. 302)</p>
<b>Funding</b>	<p>The amount of assistance received by the agency is not diminished by their participation in the demonstration. MTW agencies are funded based on their agreements with HUD, although they are subject to any funding prorations. (42 USC 1437f Note)</p>	<p>The amount of assistance received by a participating agency, subject to appropriations (and any applicable proration), would not be affected by participation in the program. (Sec. 7)</p>	<p>Same as H.R. 5443. (Sec. 302)</p>
<b>Transition</b>	<p>Not applicable.</p>	<p>Subject to procedures and requirements set by the Secretary, PHAs under an existing MTW contract on the date of enactment could apply for participation in the MTW program:</p> <ul style="list-style-type: none"> <li>-at any time before the expiration of their existing MTW contracts as long as they agree to opt out of existing MTW contracts; or</li> <li>-upon expiration of existing contracts.</li> </ul> <p>Upon application, agencies would be treated as if they are reapplying under the new program.</p> <p>The Secretary would be prohibited from extending existing MTW contracts after enactment. (Sec. 6)</p>	<p>Subject to procedures and requirements set by the Secretary, PHAs participating in the MTW demonstration could opt out and join the MTW program. PHAs that would terminate their MTW demonstration participation in 2005 or 2006 could renew their MTW demonstration agreements for another three year period and, at the end of that three year period, apply for the MTW program. (Sec. 302)</p>

<b>Feature</b>	<b>Housing Choice Voucher Program Current Law (United States Housing Act of 1937)</b>	<b>Section 8 Voucher Reform Act of 2006 (H.R. 5443, 109<sup>th</sup> Congress)</b>	<b>The State and Local Housing Flexibility Act of 2005 (H.R. 1999/S. 771, 109<sup>th</sup> Congress)</b>
<b>Other Provisions</b>			
<b>Manufactured Housing Pilot Program</b>	Not applicable.	Would establish a pilot program to determine whether restructured rent calculations for manufactured housing assistance will increase the affordability of manufactured housing. (Sec. 9)	No provision.
<b>PHA Reporting to Credit Agencies</b>	Not applicable.	Would authorize PHAs to report information on families' rent payment histories to credit reporting agencies. (Sec. 11)	No provision.
<b>Treatment of Basic Allowance for Housing Payments</b>	Not applicable.	Would require that federal housing programs (excluding rental assistance programs) treat basic allowance for housing funds in the same way that Section 8 vouchers are treated for purposes of eligibility. (Sec. 12)	No provision.

**Source:** Congressional Research Service analysis of current law (42 USC 1437 et. seq.); H.R. 1999/S. 771 (109<sup>th</sup> Cong.); and H.R. 5443 (109<sup>th</sup> Cong.).

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